

STATE OF TENNESSEE, )  
)  
Petitioner, )  
)  
v. ) No. \_\_\_\_\_  
)  
UNITED AUTO GROUP MEMPHIS II, INC., )  
a foreign corporation, doing business as )  
COVINGTON PIKE TOYOTA, )  
)  
Respondent. )

Paul G. Summers, Attorney General and Reporter for the State of Tennessee, (hereinafter “Attorney General”), files this Petition pursuant to Tenn. Code Ann. § 47-18-107 of the Tennessee Consumer Protection Act of 1977, Tenn. Code Ann. § 47-18-101 *et seq* (hereinafter “the Act”), and would respectfully show the Court as follows:

1. The Attorney General, acting pursuant to the Act, has investigated certain acts and practices of United Auto Group Memphis II, Inc., doing business as Covington Pike Toyota (hereinafter, “Respondent” or “CPT”). Upon completion of such investigation, the Attorney General has determined that certain of Respondent’s acts and practices, more specifically described in Paragraph 2 of this Petition, constitute unfair and deceptive acts or practices affecting the conduct of trade or commerce in the State of Tennessee in violation of the Act. More specifically, Respondent’s conduct constitutes violations of Tenn. Code Ann. §§ 47-18-104(a), (b)(2), (b)(5), (b)(14), (b)(19) and (b)(27).

2. Based upon the investigation of Respondent, the Attorney General alleges the following:

- (A) Respondent is a foreign corporation. Respondent operates a licensed motor vehicle dealership in Memphis, Tennessee.
- (B) Prior to April 14, 2001, Respondent used a sales method known as a “tax bump” regularly in its sales of motor vehicles to consumers. In some cases, Respondent’s use of the “tax bump” led to consumers’ confusion about whether a negotiated sales price for a vehicle included sales tax or not.
- (C) Respondent’s sales methods also allowed its finance and insurance managers to

misrepresent the actual, additional cost of “backend financing packages,” such as extended service warranties and other insurance packages, to consumers who financed the purchase or lease of automobiles through CPT. Respondent failed to fully disclose the actual amount of these backend packages by manipulating the interest rates it brokered through financing companies on behalf of consumers.

(D) Respondent’s conduct described in Paragraph 2 (A-C) constitutes unfair and deceptive acts or practices.

3. Respondent neither admits nor denies the allegations of Paragraph 2 (A-D).

4. The Attorney General entered into negotiations with Respondent and the parties have agreed to, and the Division has approved, the attached Assurance of Voluntary Compliance.

5. In accordance with the provisions of Tenn. Code Ann. § 47-18-107(c), the execution, delivery and filing of the Assurance does not constitute an admission of prior violation of the Act.

6. The Division, the Attorney General, and the Respondent, the parties who are primarily interested in the matters set forth in Paragraph 2 hereof, have jointly agreed to the Assurance of Voluntary Compliance and join in its filing.

PREMISES CONSIDERED, Petitioner prays

1. That this Petition be filed without cost bond pursuant to the provisions of Tenn. Code Ann. §§ 20-13-101 and 47-18-116.

2. That the Assurance of Voluntary Compliance be approved and filed in accordance with the provisions of the Tennessee Consumer Protection Act.

Respectfully submitted,

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